

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southern California Edison  
Company (U 338 E) Regarding the Future  
Disposition of the Mohave Generating Plant.

Application 02-05-046

**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER**

**Summary**

Pursuant to Rules 6(b)(3) and 6.3 of the Rules of Practice and Procedure,<sup>1</sup> this ruling sets forth the procedural schedule, designates the principal hearing officer, and addresses the scope of the proceeding following a prehearing conference (PHC) held on October 11, 2002.

**Background**

On May 17, 2002, Southern California Edison Company (Edison) filed an application seeking Commission authorization regarding the future disposition of the Mohave Generating Station (Mohave). Mohave is a two-unit, coal-fired plant located in the community of Laughlin, Nevada. Each of the plant's generating units has an operating capacity of approximately 790 MW, for a total plant generating capacity of approximately 1,580 MW. Edison owns a 56%

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<sup>1</sup> Unless otherwise indicated, all citations to sections refer to the Public Utilities Code and citations to rules refer to the Commission Rules of Practice and Procedure, which are codified at Chapter 1, Division 1 of Title 20 of the California Code of Regulations.

undivided interest in the plant and is the plant operator.<sup>2</sup> Edison employs approximately 355 people for the Mohave operation.

Edison concluded that it probably will not be possible to extend the operation of Mohave as a coal-fired power plant beyond the end of 2005 because 1) issues related to the coal supply, and a water supply for the coal mine and coal slurring operation are unresolved; and 2) significant amounts of capital must be expended on the plant. The plant's current coal supply agreement runs through 2005 and unless the unresolved issues are settled, Edison may not have a continued supply of coal after 2005. Also, under the terms of a 1999 consent decree, certain air pollution control equipment, at an estimated cost of \$58 million, must be installed or the plant cannot continue operating after 2005.

In its application, Edison projected a total cost of approximately \$1.1 billion for the required Mohave pollution controls and other capital investments reasonably required to extend Mohave operations beyond 2005. Certain parties protested the application and challenged the reasonableness of the \$1.1 billion figure.

On October 11, 2002, a PHC, followed by a Public Participation Hearing (PPH), was held at the Navaho Nation Chapter House in Tuba City, Arizona. The Commission had the opportunity to hear from the interested intervenors, as well as to hear from over one hundred concerned residents, neighbors, and other interested parties.

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<sup>2</sup>The remaining percentage shares in the plant are owned as follows: 20% by Salt River Agricultural Improvement and Power District, 14% by Nevada Power Company, and 10% by Los Angeles Department of Water & Power.

## **Scoping Memo**

The purpose of this proceeding is to determine whether it is in the public interest to continue the operation of the Mohave facility as a coal-fired power plant post 2005. To assist the Commission in this determination the following issues must be addressed:

- Detailed and specific costs of the installation of required pollution control equipment.
- Detailed and specific costs of other capital investments necessary as a corollary to the pollution control equipment.
- Environmental impact, including economic and local environmental consequences, of continuing the facility as a coal-fired plant after 2005.
- Environmental impact, including economic consequences and loss of jobs of closing the facility after 2005.
- Continued operation of the Black Mesa coalmine and associated coal-slurry pipeline with its related water requirements.
- Alternative water supply and cost of alternatives to the N-Aquifer.
- Compatibility of the continued operation of Mohave as a coal-fired facility with the State of California's policy concerning renewable energy.
- Pursuit of options and alternatives for Mohave.
- If Mohave does not continue in operation after 2005, how will Edison meet its resource needs.
- Impact of the Federal consent decree and collective bargaining agreements on the Commission's decision in this proceeding.
- Does CEQA apply to this case since the application asks the Commission to make a "discretionary" decision.

- If Mohave continues operation after 2005 as a coal-fired facility, what is the cost of the residual pollution.

This list of issues is not meant to foreclose the addition of topics as discovery and progress of the case continue.

### **Need for Hearings and Ex Parte Rules**

Until testimony from Edison and the intervenors is served, we cannot determine whether evidentiary hearings are necessary, or whether the proceeding calls for a Legislative style hearing and/or briefs and oral argument. Therefore, we will preliminarily rule that hearings are needed, triggering the *ex parte* rules as set forth in Rule 7(c) and Pub. Util. Code § 1701.3(c). A determination will be made as the need for hearings, and the form in which they might take, after the testimony is reviewed. A timeline is set forth below for the service of testimony. Any party may include in their testimony a request for evidentiary hearings. The request must identify the disputed issues of material fact for which the party would present evidence, in the form of prepared testimony, if hearings were scheduled. In the alternative, any party may request a full-panel legislative style hearing, and set forth the topics that would be briefed and addressed at such a hearing.

### **Preliminary Schedule**

<u><b>Date</b></u>	<u><b>Event</b></u>
January 30, 2003	Edison Testimony Served
February 27, 2003	Intervenor Testimony Served

### **Categorization and Designation of Principal Hearing Officer**

No party disputed the Commission's preliminary categorization of this proceeding, and I affirm the preliminary categorization of ratesetting. In

accordance with Rule 5(k) and (l) of the Commission's Rules, ALJ Carol Brown is designated as the principal hearing officer for this proceeding.

### **Discovery**

The Commission will not impose a discovery plan on the parties for this phase of the proceeding. Proponents may make reasonable discovery requests and recipients should strive to comply with them, both in a timely fashion. The parties should attempt to resolve any discovery disputes with a good faith meet and confer. If that attempt does not resolve the dispute, the parties are to either e-mail or conference call the ALJ for resolution of the dispute. Written motions may only be filed if the parties' meet- and-confer session and the ALJ's conference are both unsuccessful in resolving the dispute. The Commission generally looks to the California Code of Civil Procedure for guidance in resolving discovery disputes. The ALJ's e-mail address is cab@cpuc.ca.gov.

### **Service List**

The official service list is now on the Commission's web page. Parties should confirm that the information on the service list and the comma-delimited file is correct, and serve notice of any errors on the Commission's Process Office, the service list, and the ALJ. Parties shall e-mail courtesy copies of all served and filed documents on the entire service list, including those appearing on the list as "State Service" and "Information Only."

#### **IT IS RULED that:**

1. The scope of the proceeding is as set forth herein.
2. The schedule for this proceeding is set forth herein.
3. The principal hearing officer in this proceeding pursuant to Rules 5(k) and (l) is Administrative Law Judge Carol Brown.

4. Ex parte communications are subject to Pub. Util. Code § 1701.3(c) and Rule 7(a)(1) and (c) of the Commission's Rules of Practice and Procedure.
5. Parties shall follow the service list rules as set forth herein.

Dated January 7, 2003, at San Francisco, California.

/s/ LORETTA M. LYNCH

Loretta Lynch  
Assigned Commissioner

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner on all parties of record in this proceeding or their attorneys of record.

Dated January 7, 2003, at San Francisco, California.

/s/ TERESITA C. GALLARDO

Teresita C. Gallardo

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.